

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE****Asset Management and Compliance Branch**

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**ASSET MANAGEMENT AND COMPLIANCE (AMC)****ADMINISTRATIVE NOTICE****Notice Number: 16-04****DATE: October 21, 2016****TO: Sponsors, Borrowers and Management Agents of Rental Projects Directly Funded by HCD****FROM: Lindy Suggs, Section Chief Occupancy Compliance Section****SUBJECT: Coordinated Entry System Usage and Qualification**

Administrative Note: This Administrative Notice establishes a formal written notification of administrative guidelines that affect the operation of Department programs. This format is used to identify, clarify, and record administrative guidelines and interpretations of public interest.

Purpose and Background

The California Department of Housing and Community Development (HCD) recognizes the U.S. Department of Housing and Urban Development (HUD) requires communities receiving Federal Continuum of Care (CoC) funding to establish a Coordinated Entry System (CES). The purpose of a CES is to ensure that all people experiencing homelessness are assessed for assistance using a fair, consistent, and coordinated process across a region. It is also designed to help prioritize those with histories of homelessness and higher barriers to getting housing for permanent supportive housing.

HCD supports and encourages affordable housing project sponsors with units set-aside for homeless individuals to take referrals from a qualified coordinated entry system. HCD will permit a CES referral approach for all projects in a CoC region with a qualified CES provided both the CES and the project comply with the criteria listed below. A qualified CES can be utilized in lieu of previously approved tenant selection plans. In the event that a local CES ceases to exist, or is not able to comply with HUD requirements, the most recently approved tenant selection plan for the project would be in effect. Additionally, the approved tenant selection plan would still remain in effect for units which are not part of the CES system.

To be considered a "Qualified Coordinated Entry System" the CES must:

- 1) Meet the requirements of the CoC Interim Rule 24 CFR 578, or its successor regulations, and all Notices issued by HUD regarding establishing and operating a coordinated entry system, and
- 2) Be endorsed or approved through a resolution by the local government entity covering the region in which the CES operates (typically a County Board of Supervisors or City Council.) The resolution does not have to be specific to a single housing project or mention the specific project but must cover the geography in which both the project and the CES are located.

3) The resolution must identify the body or organization with oversight responsibility for the coordinated entry system, and the manner in which compliance with HUD requirements is assured.

Project Participation

To evidence participation in the local CES, project sponsors must have a written agreement or MOU in place with the CES operator or oversight entity, as identified in the resolution, which includes the following:

- A specific listing of units in the project which are covered by the CES;
- A description of the required eligibility factors and additional preference factors, if any, for a potential tenant to be referred by CES to the project, including homeless status, disability status, income level and any other requirements that the CES will assess prior to making a referral to a project;
- A description of how the referral process will work, including how the project sponsor will notify the CES of vacancies and how referrals will be made to the project; and
- A description of how the CES will ensure the process is widely known in the community and made available to all eligible individuals experiencing homeless.
- The CES may make preliminary determinations of eligibility before referring potential tenants to the project. ***However, project sponsors maintain responsibility for ensuring the tenants residing in their projects are eligible to live in the project units through the review and maintenance of documentation. Recordkeeping requirements on tenants referred by CES are not changed by the use of CES.***

Current Waitlists

In addition, projects with an existing waiting list must work with the qualified CES to ensure that persons on the project waitlist who remain eligible for the set-aside units are given the opportunity to either remain on the list for set-aside units until it is exhausted, or to be transferred to the CES list and retain their order of priority for the set-aside units in the project. Projects with an existing waiting list will no longer add to that list for the set-aside units included in the CES. Homeless applicants on waitlists for projects that also include units not designated for homeless individuals should remain on the project list for any other openings in that project, as well as be added to the CES list for referral to any openings for homeless in the region covered by the CES.

HCD will use the checklist identified in Appendix A to evaluate and approve the use of a qualified CES for tenant referrals.

Please Note: If homeless set aside units are also regulated by the Housing Investment Partnership (HOME) program, program regulations require that project sponsors adopt a new tenant selection plan. For new projects, the jurisdictions' Consolidated Plan must describe the CES limited preference for the project. See the HUD Continuum of Care FAQs for more information: [Tenant Selection for CoC+HOME](#).

Additional Information

Given the variety of HCD programs and their occupancy requirements, there may be instances where the provisions in these guidelines cannot be implemented. If that is the case, please contact your Occupancy Representative to discuss the situation and obtain further guidance. If you need assistance in identifying your Occupancy Representative, please contact AMCBranch@hcd.ca.gov.

Appendix A

Coordinated Entry System Qualification Checklist

HCD Occupancy Representatives will use the criteria outlined below to determine if (1) a CES can be identified as a Qualified CES, and (2) if the Qualified CES can be used in lieu of an approved tenant selection plan for specific units in a project.

1) A Qualified CES operates in the region if:

- ☐ The CES has met required certifications or approvals of the US Department of Housing and Urban Development as described above;
- ☐ The CES has been endorsed by a unit of general local government as evidenced by an approved resolution; and
- ☐ The resolution identifies the local entity responsible for the operations and oversight of the CES.

2) CES referrals can be used in lieu of an approved tenant selection plan provided the project has entered into a MOU or written agreement with a Qualified CES which specifies all of the following:

- ☐ The units covered by the CES;
- ☐ The applicable restrictions on the tenants to be referred for those units, including but not limited to any income limits, any required disability status, and any required homeless status;
- ☐ The method by which the project will notify the CES of vacancies;
- ☐ The method by which the CES will refer potential tenants to the project;
- ☐ The type of documentation the CES will send along with the referral;
- ☐ The manner in which the CES will ensure that the CES process is well-advertised or made available throughout the community to ensure potentially eligible applicants are aware of the process for being assessed, prioritized and referred to the project; and
- ☐ An agreement on how any existing waiting lists for the project at the time of incorporation into the CES process will be updated and any eligible potential applicants incorporated into the CES process.